UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/1996/28/Add.2
15 June 1996

ORIGINAL: ENGLISH

Third regular session 1996
9-13 September 1996, New York
Item 5 of the provisional agenda

UNDP: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

ANNUAL REVIEW OF THE FINANCIAL SITUATION

Report of the Administrator

Addendum

Trust funds established by the Administrator

SUMMARY

The present report provides summary financial information on all active trust funds as at 31 December 1995 and brief information on all trust funds established by the Administrator in 1995.

Table 1 contains summary financial information on all trust funds in operation during 1995. There were 103 trust funds in operation during 1995. Of these, 1 was closed by 31 December 1995. Aggregate income received during the year for these trust funds amounted to $225,532,530 and total expenditure incurred amounted to $181,221,527.

Table 2 contains information on those trust funds and sub-trust funds established by the Administrator in 1995 and a brief description of their activities. There were 25 trust funds established by the Administrator in 1995. In addition, 27 new sub-trust funds were established under existing Funds and trust funds.

In accordance with Financial Regulation 5.1, the present report will be submitted to the Advisory Committee on Administrative and Budgetary questions, for its comments on table 2.

The Executive Board may wish to take note of the present addendum.

96-17628 (E) 080896 090896

/...

Table 1. Summary financial information on all trust funds in operation during 1995

(United States dollars)

Year established	Trust fund	Donor	Income		Expenditure		Transfer and refund	Unexpended resources at 31 December 1995
			Prior to 1995	1995	Prior to 1995	1995		
TOTAL			658 597 226	225 532 530	397 067 630	181 221 527	-	305 840 599
1983	UNDP Trust Fund for Action on Development Issues	Various	10 619 155	1 000 000	10 545 717	891 241	-	182 197
	Trust Fund for the Special Netherlands Contribution for the Least Developed Countries	Netherlands	9 019 093	35 708	8 279 331	95 967	-	679 503
	UNDP Trust Fund for Developing Countries Afflicted by Famine and Malnutrition	Various	47 835 777	754 516	46 619 912	678 662	-	1 291 719
	Pérez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries	Various	11 432 357	415 267	5 253 164	441 069	-	6 153 391
1984	Trust Fund for the Norwegian Contribution to the Angolan Petroleum Training Centre in Sumbe	Norway	4 796 913	24 540	4 249 999	-	-	571 454
	UNDP Trust Fund for Assistance to Refugee-Related Development Projects in Africa	Various	11 746 252	79 168	10 613 757	409 804	-	801 859
	UNDP Trust Fund to Combat Poverty and Hunger in Africa	Various	10 800 650	43 806	10 118 278	-	-	726 178
1985	UNDP Trust Fund for Assistance to the Technical Cooperation Fund between Peru and Argentina to Administer Food Aid	Peru	1 517 950	9 050	1 316 238	831	-	209 931
	Australian Development Assistance Bureau (ADAB)/UNDP Programme Trust Fund	Australia	3 620 353	32 615	2 899 153	19 793	-	734 022
1986	Canadian International Development Agency (CIDA)/UNDP Trust Fund for the Caribbean Project Development Facility	Canada	1 970 168	-	1 970 168	-	-	-
	CIDA/UNDP Trust Fund for the Pakistan National Household Survey Capability Programme	Canada	1 404 218	3 103	1 337 725	-	-	69 596

/...

Year established	Trust fund	Donor	Income		Expenditure		Transfer and refund	Unexpended resources at 31 December 1995
			Prior to 1995	1995	Prior to 1995	1995		
	UNDP Trust Fund for Receipt of Payments by Users of the Caribbean Project Development Facility	Various	2 489 160	30 082	2 489 160	-	-	30 082
	UNDP/Live Aid Foundation Trust Fund	Private funding	764 677	2 018	719 691	-	-	47 004
	UNDP/United Support of Artists for Africa Trust Fund	Private funding	1 719 634	13 687	1 414 276	-	-	319 045
	Government of France Trust Fund for the UNDP/World Bank Energy Sector Assessment Programme	France	3 063 979	58 993	1 762 914	259 863	-	1 100 195
	CIDA/UNDP Trust Fund for African Project Development Facility	Canada	2 478 207	2 530	2 461 415	27 912	-	(8 590)
1987	CIDA/UNDP Trust Fund for the Bangladesh National Household Survey Capability Programme	Canada	1 528 756	4 798	1 441 764	12 829	-	78 961
	Nicosia Master Plan: Implementation Phase	Germany	160 431	1 237	151 566	7 158	-	2 944
	Finland/UNDP Trust Fund for the Construction of an Agro-Veterinary School in Rushashi	Finland	4 809 165	59 217	3 482 163	224 179	-	1 162 040
	Trust Fund for Emergency Assistance to the People's Republic of Mozambique	Various	10 968 010	67 332	9 533 493	90 791	-	1 411 058
	Finland Trust Fund for National Technical Cooperation Assessment and Programme Activities (NATCAP)	Finland	2 803 800	42 016	1 889 244	7 143	-	949 429
	Netherlands Trust Fund for Special Action Programme for Public Administration and Management	Netherlands	7 345 303	104 339	5 119 139	166 333	-	2 164 170
	Trust Fund for Special Economic Assistance Programmes	Various	383 172	10 162	156 697	-	-	236 637
	UNDP Trust Fund for Receipt of Payments by Users of the African Project Development Facility	Various	776 450	100 082	466 423	229 725	-	180 384
1988	CIDA/UNDP Trust Fund to Support Project "Recensement général de la population et de l'habitat" in Senegal	Canada	1 963 349	37 381	1 448 188	112 415	-	440 127

Year established	Trust fund	Donor	Income		Expenditure		Transfer and refund	Unexpended resources at 31 December 1995
			Prior to 1995	1995	Prior to 1995	1995		
	UNDP Trust Fund for the African 2000 Network	Various	22 027 298	182 971	18 295 608	2 943 315	-	971 346
	UNDP Trust Fund in Support of the Steering Committee and Secretariat for the United Nations Programme of Action for African Economic Recovery and Development	Various	1 712 931	9 931	1 500 868	207 813	-	14 181
	African Training and Management Services (ATMS) Project	Various	8 021 540	213 313	7 815 435	111 754	-	307 664
	UNDP Afghanistan Emergency Trust Fund	United Nations	13 225 388	614	13 217 905	103 696	-	(95 599)
	UNDP Fund for the Utilization of the Residual Funds of the United Nations Special Relief Office in Bangladesh (UNROB)	UNROB	7 328 388	25 970	6 756 464	(74 005)	-	671 899
	UNDP Fund for Emergency Assistance to the People's Republic of Bangladesh	Various	2 482 985	8 376	2 289 020	43 030	-	159 311
	UNDP Fund for the Programme of Assistance to the Palestinian People	Various	63 261 453	23 392 496	26 505 769	29 440 514	-	30 707 666
1989	UNDP Trust Fund for Emergency Humanitarian Assistance to Angola	Various	2 217 134	9 806	1 586 658	240 282	-	-
	UNDP Trust Fund for Namibia	Various	5 197 386	306 518	4 461 664	617 148	-	425 092
	UNDP Trust Fund for the Regional Project: "Cultural Heritage and Development"	Various	204 898	1 909	162 455	-	-	44 352
	UNDP/Norway Trust Fund for the Special Plan of Economic Cooperation for Central America	Norway	788 263	768	771 048	-	-	17 983
	UNDP Trust Fund for Protection of the Ozone Layer	Finland	338 627	2 151	291 817	2 825	-	46 136
1990	Global Consultation on Water Supply and Sanitation for the 1990s	Various	394 435	3 890	294 981	25 748	-	77 596
	Trust Fund Agreement between UNDP/IMPACT and the Malaysian Organizing Committee for Sportaid '88	Malaysian Organizing Committee for Sportaid '88	624 115	22 897	118 929	13 913	-	514 170

Year established	Trust fund	Donor	Income		Expenditure		Transfer and refund	Unexpended resources at 31 December 1995
			Prior to 1995	1995	Prior to 1995	1995		
	UNDP/Switzerland Trust Fund for Namibia	Switzerland	18 777	(3 961)	14 475	-	-	341
	UNDP Trust Fund for the Republic of the Maldives	Various (including non-governmental organizations (NGOs) and private sources	447 844	1 191	422 258	-	-	26 777
1991	UNDP/Japan International Development Organization, Ltd. (JAIDO) Trust Fund for Sea Island Cotton Pilot Production	JAIDO	393 530	4 213	299 641	-	-	98 102
	Trust Fund for Environmental Conservation in Bhutan	World Wildlife Fund, Global Environment Facility and various others	11 377 901	589 802	64 003	210 558	-	11 693 142
	Trust Fund for the Global Environment Facility	World Bank (as Trustee)	140 587 452	58 404 655	100 806 692	52 967 095	-	45 218 320
	World Maritime University Trust Fund	Various (including NGOs, inter-governmental and private sources)	231 699	54 553	-	176 750	-	109 502
	Multilateral Fund for the Implementation of the Montreal Protocol	The Executive Committee of the Interim Multilateral Fund	86 914 990	31 017 421	14 651 221	31 111 849	-	72 169 341
	Disaster-Management Training Programme	Germany	748 659	1 457	715 766	-	-	34 350
	Government of Germany Trust Fund for UNDP/World Bank Energy Sector Management Assistance Programme	Germany	1 661 500	361 878	1 009 269	437 259	-	576 850
	Elaboration of Methods and Techniques of Operationalizing the Human Development Concept	Germany	303 118	-	297 072	5 774	-	272
1992	Trust Fund for the Frente Farabundo Martí Liberacion Nacional Relocation Points in El Salvador	Denmark Japan Norway Sweden Switzerland United States of America	6 469 991	25 282	6 389 968	(10 886)	-	116 191

Year established	Trust fund	Donor	Income		Expenditure		Transfer and refund	Unexpended resources at 31 December 1995
			Prior to 1995	1995	Prior to 1995	1995		
	International Development Research Centre (IDRC) Trust Fund for Information Management Training Series	IDRC - Canada	164 458	-	175 598	-	-	(11 140) a/
	Trust Fund to Mainstream Human Development into Operational Activities	Sweden	1 993 210	56 574	866 400	55 339	-	1 128 045
	UNDP Trust Fund for the Baltic Republics	Various (including NGOs, specialized agencies, intergovernmental and private sources)	1 413 230	760 667	8 996	351 411	-	1 813 490
	UNDP Trust Fund for the Mozambique Demobilization Programme	Netherlands	2 782 612	283 641	2 165 962	743 262	-	157 029
	UNDP Trust Fund for Humanitarian and Rehabilitation Assistance for Cambodia	Various (including NGOs, intergovernmental and private sources)	7 250 809	1 135	7 146 858	(29 328)	-	134 414
	"Capacity 21" Trust Fund	Various	40 918 368	8 471 470	3 072 599	6 080 555	-	40 236 684
	UNDP Trust Fund for Technical Assistance to Electoral Processes	Various (including NGOs and private sources)	-	62 500	-	-	-	62 500
1993	Trust Fund for UNDP History Project	NGO Netherlands United Nations Population Fund (UNFPA)	71 618	3 405	23 485	26 651	-	24 887
	Trust Fund in Support of Peace-Building Activities in El Salvador	Canada Denmark El Salvador Netherlands Norway Sweden United Kingdom of Great Britain and Northern Ireland	6 120 855	1 222 724	2 600 178	917 059	-	3 826 342
	Trust Fund for Democratization Support and the Electoral Process in Guinea-Bissau	Sweden	1 252 313		1 172 715	47 203	-	32 395

Year established	Trust fund	Donor	Income		Expenditure		Transfer and refund	Unexpended resources at 31 December 1995
			Prior to 1995	1995	Prior to 1995	1995		
	UNDP/Denmark Trust Fund for Electoral Assistance Project in Burundi	Denmark	152 359	2 422	-	-	-	154 781
	UNDP Trust Fund for Capacity-Building in De-mining Operations for Cambodia	Denmark Netherlands New Zealand United Kingdom	9 907 040	5 120 104	7 110 362	6 799 283	-	1 117 499
	UNDP/Norway Trust Fund for Assistance to the Electoral Process in Mozambique	Norway	23 880 350	480 940	12 813 645	11 178 334	-	369 311
	Trust Fund for the Reintegration of Demobilized Military Personnel in Mozambique	Netherlands Norway Switzerland	19 509 921	18 415 907	8 095 489	20 594 216	-	9 236 123
	UNDP Trust Fund for Council on Health Research for Development (COHRED)	NGO	86 549	630 051	344 887	326 594	-	45 119
	UNDP/Switzerland Trust Fund for Aid Management and Aid Coordination in Kyrgyzstan	Switzerland	280 000	312 716	-	-	-	592 716
1994	UNDP/CIDA Trust Fund for the Non-Formal Education: Youth Centres Programme	Canada	498 584	208 416	-	735 497	-	(28 497) a/
	UNDP/Netherlands Organization for International Development Cooperation (NOVIB)/Group of Resource Persons for Awareness Creation for Environment and Sustainable Development in Asia	NOVIB	27 500	28 596	-	-	-	56 096
	UNDP Trust Fund for the Mozambique Mine Clearance Programme	The United Nations Department of Humanitarian Affairs United Nations Operation in Mozambique	4 400 000	2 383 565	5 550 770	837 445	-	395 350
	Support to the Joint Group in El Salvador	Canada Denmark Norway Sweden United States	926 032	8 714	786 010	85 455	-	63 281

Year established	Trust fund	Donor	Income		Expenditure		Transfer and refund	Unexpended resources at 31 December 1995
			Prior to 1995	1995	Prior to 1995	1995		
	UNDP/International Development Association (IDA) Trust Fund for the National Environment Support Programme in Mozambique	World Bank/IDA	300 000	6 848	27 622	54 062	-	225 164
	Sweden Trust Fund for making the Human Development Report (HDR) and Human Development Index (HDI) Gender Sensitive	Sweden	944 882	757 463	227 493	772 468	-	702 384
	Trust Fund in Support of the Ministry of Foreign Affairs in Kyrgyzstan	Austria	170 000	251 639	-	136 886	-	284 753
	Trust Fund in Support of National Capacity Building in External Aid Resources Management	Austria	337 500	453 254	-	-	-	790 754
	Trust Fund on the "United Nations Consolidated Inter-Agency Appeal for Tajikistan"	Sweden	280 505	2 704	-	-	-	283 209
	UNDP Trust Fund for Urgent Human Needs in Uzbekistan	Switzerland	781 250	35 296	-	456 758	-	359 788
	Trust Fund for Aral Sea Basin Programme	Netherlands	1 150 000	5 542	-	423 448	-	732 094
	German Edition of the Human Development Report (1994 and 1995)	Germany	-	42 355	-	47 039	-	(4 684)
	UNDP/DEVNET Trust Fund for Technological Information Pilot System (TIPS)	TIPS-DEVNET	-	160 000	-	120 912	-	39 088
	UNDP/Sweden Trust Fund on Support to a Financial Systems Development Project, Angola Phase II	Sweden	-	923 077	-	-	-	923 077
1995	UNDP Trust Fund for Rwanda	Ireland Netherlands Spain United Kingdom	-	20 704 699	-	3 829 638	-	16 875 061
	UNDP/Denmark Trust Fund for the Local Initiative Facility for Urban Environment (LIFE) in Urban Areas in Thailand	Denmark	-	383 774	-	27 253	-	356 521
	UNDP/Japan Trust Fund in Support of Reintegration Activities in Haiti	Japan	-	2 600 000	-	-	-	2 600 000

Year established	Trust fund	Donor	Income		Expenditure		Transfer and refund	Unexpended resources at 31 December 1995
			Prior to 1995	1995	Prior to 1995	1995		
	UNDP/Switzerland Pooling Agreement for Technical Assistance to the Health Sector	Switzerland	-	2 011 659	-	12 503	-	1 999 156
	Sweden Trust Fund for "Support to Cambodia Resettlement and Reintegration Programme (CARERE)"	Sweden	-	2 799 886	-	1 459 476	-	1 340 410
	Sweden Trust Fund for "Support to the Programme for Refugee Reintegration and Rehabilitation of Resettlement Areas in Eritrea"	Sweden	-	2 054 795	-	-	-	2 054 795
	Sweden Trust Fund for "Support to De-mining Programmes in Cambodia through the Cambodia Mine Action Centre"	Sweden	-	1 377 410	-	-	-	1 377 410
	Europe to Beijing: Gender in Development Trust Fund	Austria Turkey Private funding	-	205 269	-	51 987	-	153 282
	Sweden Trust Fund to Support Reconstruction and Reconciliation Activities in Burundi	Sweden	-	142 248	-	-	-	142 248
	Support to the Employment Generation Programme in Gaza	Sweden	-	2 513 526	-	2 464 711	-	48 815
	Sweden Trust Fund for the Project "Support to the Comprehensive Disabled Afghans Programme (CDAP)"	Sweden	-	389 518	-	-	-	389 518
	UNDP/Lao People's Democratic Republic Trust Fund for Clearance of Unexploded Ordnance (UXO)	Various	-	338 020	-	-	-	338 020
	UNDP/Sweden Trust Fund for Support to the Science, Technology and Environment Organization in the Lao People's Democratic Republic (STENO)	Sweden	-	246 154	-	-	-	246 154
	UNDP Trust Fund to Support the Peace Process in North Mali	Canada Norway United States	-	1 367 647	-	-	-	1 367 647
	Sweden Trust Fund for Support to Integrated Crop and Food Production in Afghanistan	Sweden	-	705 581	-	-	-	705 581

Year established	Trust fund	Donor	Income		Expenditure		Transfer and refund	Unexpended resources at 31 December 1995
			Prior to 1995	1995	Prior to 1995	1995		
	UNDP Trust Fund for the Evaluation of the United Nations Development Fund for Women (UNIFEM)	Various	-	197 061	-	5 500	-	191 561
	UNDP/Spain Trust Fund for Support to the Governance in Central America	Spain	-	11 000 000	-	-	-	11 000 000
	UNDP Trust Fund for Angola	New Zealand United Kingdom NGOs	-	578 758	-	-	-	578 758
	Trust Fund with Norway for Support for Governance in Africa	Norway	-	10 090 190	-	-	-	10 090 190
	Efficiency and Effectiveness Enhancing Measures within UNDP	Sweden	-	3 685 846	-	259 219	-	3 426 627
	UNDP/Sweden Trust Fund on Support to Improved Handling of Property Issues in Nicaragua	Sweden	-	483 532	-	100 544	-	382 988
	UNDP/Sweden Trust Fund for Support to the Rural Rehabilitation Programme in Afghanistan	Sweden	-	409 277	-	-	-	409 277
	UNDP Trust Fund for Support to the Resident Coordinator System	Switzerland	-	2 586 207	-	-	-	2 586 207
			658 597 226	225 532 530	397 067 630	181 221 527	-	305 840 599

a/ Deficit covered by contributions pledged by Governments for current and prior years.

Table 2. Trust funds established by the Administrator in 1995

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
UNDP/Sweden Trust Fund for Support to the Science, Technology and Environment Organization in the Lao People's Democratic Republic (STENO)	13 January 1995	2 years	Sweden	246 154	Lao People's Democratic Republic	This trust fund was established to support and build the capacity of the interministerial working group on environment.
Sweden Trust Fund for "Support to De-mining Programmes in Cambodia through the Cambodia Mine Action Centre"	6 February 1995	2 years	Sweden	2 915 872	Cambodia	This trust fund was established to support programmes of mine awareness, mine marking, mine clearing and training in mine clearing in Cambodia through the Cambodia Mine Action Centre (CMAC).
Sweden Trust Fund for "Support to Cambodia Resettlement and Reintegration Programme (CARERE)"	9 February 1995	2 years	Sweden	4 338 348	Cambodia	This trust fund was established to support community development, road rehabilitation, education, agriculture, health care, water and sanitation and income-generating activities.
Sweden Trust Fund for "Support to the Programme for Refugee Reintegration and Rehabilitation of Resettlement Areas in Eritrea"	22 February 1995	1 year	Sweden	2 054 795	Eritrea	This trust fund was established with the following objectives: (a) initiate the process of organized repatriation and reintegration; (b) strengthen the capacity of CERA and other involved agencies for carrying out the overall programme; (c) transport, resettle and reintegrate up to 24,000 returnees at nine sites in four different provinces; and (d) provide infrastructure in the form of basic administration, health services, water supplies, schools, agricultural and reforestation services and grinding mills for returnees and their communities.
UNDP/Switzerland Pooling Agreement for Technical Assistance to the Health Sector	27 February 1995	Open	Netherlands Switzerland	2 285 713 1 207 788	Mozambique	This trust fund was established to provide technical assistance to the Ministry of Health in order to strengthen the capacity of the national health system in Mozambique.

/...

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
UNDP/Denmark Trust Fund for LIFE in Urban Areas in Thailand	3 March 1995	2 years	Denmark	383 774	Thailand	The project will support the UNDP Local Initiative Facility for Urban Environment (LIFE) in Thailand by providing small grants for physical infrastructure improvement in urban slums. The projects to be undertaken will be identified, proposed and implemented by community-based organizations, NGOs or municipalities and will normally be accompanied by environmental awareness-raising and development of local environmental management action plans.
UNDP/Japan Trust Fund in Support of Reintegration Activities in Haiti	28 March 1995	2 years	Japan	2 600 000	Haiti	This trust fund was established for the following purposes: (a) establishment of policy reform; (b) economic recovery and poverty alleviation; (c) investment in the social sector; and (d) strengthening Government for the management of the local development process.
UNDP/Sweden Trust Fund on Support to Improved Handling of Property Issues in Nicaragua	24 April 1995	1 year	Sweden	1 097 310	Nicaragua	This trust fund was established for the following purposes: (a) resolution of property claims by returning confiscated properties to their former owners and by legalizing land tenure; (b) creation of the Office for Urban Titling; and (c) creation of property issues civil courts.
UNDP Trust Fund for Rwanda	27 April 1995	1 year	Netherlands United Kingdom Ireland Spain	11 000 000 2 063 492 200 000 200 000	Rwanda	This trust fund will support the Government of Rwanda's programme of national reconciliation, socio-economic rehabilitation and recovery presented at the Geneva Round-Table Conference in January 1995.

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
Europe to Beijing: Gender in Development Trust Fund	4 May 1995	Open	Turkey Austria Private funding	100 000 21 000 84 269	Regional	The purpose of the fund is to provide technical assistance to interested Governments and organizations in carrying out gender-in-development capacity-building. The objectives are to: (a) meet the expenses of the Beijing Express train which will carry participants from Eastern Europe to the Fourth International Conference on Women and Development; (b) establish new gender-in-development units in Governments in Eastern Europe and the former Soviet Union as well as strengthen already existing ones; and (c) support in-country reaching out to NGOs, reporting, dissemination of information, and retraining activities on gender issues.
Support to the Employment Generation Programme in Gaza	6 June 1995	1 year	Sweden	3 282 757	Occupied Palestinian Territory	This project is aimed at the creation of large-scale employment in the Gaza Strip as an emergency measure, through the implementation of urgently needed infrastructure improvement projects, namely, sidewalks and street paving and social infrastructure rehabilitation.
Sweden Trust Fund for the Project "Support to the Comprehensive Disabled Afghans Programme (CDAP)"	16 June 1995	2 years	Sweden	812 595	Afghanistan	This trust fund was established to equalize opportunities and to integrate, promote and protect the rights of children, women and men with disabilities, leading to their full participation in educational, economic, social, political, religious and cultural activities in their communities.
Sweden Trust Fund to Support Reconstruction and Reconciliation Activities in Burundi	27 June 1995	3 years	Sweden	2 307 692	Burundi	This trust fund was established with the following objectives: (a) to support the democratization procedure; (b) to promote reconciliation; and (c) to pre-empt conflict and strengthen the respect for human rights.

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
UNDP/Lao People's Democratic Republic Trust Fund for Clearance of Unexploded Ordnance (UXO)	18 July 1995	Open	Various	1 148 085	Lao People's Democratic Republic	This trust fund was established for the receipt and administration of funds to mobilize additional resources needed to enhance UNDP programme activities related to clearance, community awareness, surveys and other related initiatives for a coherent programme of unexploded ordnance in the Lao People's Democratic Republic, and to provide technical assistance to interested Governments and organizations.
UNDP/Sweden Trust Fund for Support to the Rural Rehabilitation Programme in Afghanistan	21 August 1995	Open	Sweden	421 429	Afghanistan	This trust fund was established to rehabilitate rural infrastructure, increase community participation in the rehabilitation process, and to increase women's participation in rehabilitation through direct activities for the advancement of women.
UNDP Trust Fund to Support the Peace Process in North Mali	25 September 1995	Open	Norway United States Canada	1 000 000 1 000 000 367 647	Mali	This trust fund was established to support the Government of Mali's efforts to end the civil unrest and armed conflict in the northern region of Mali.
Sweden Trust Fund for Support to Integrated Crop and Food Production in Afghanistan	2 October 1995	2 years	Sweden	1 639 900	Afghanistan	This trust fund was established to improve food production so as to achieve household food security within two years, and to demonstrate improved crop production systems in order to improve standards of living.
UNDP Trust Fund for the Evaluation of UNIFEM	5 October 1995	Open	Various	295 000	-	This trust fund was established for the independent evaluation of UNIFEM.
UNDP/Spain Trust Fund for Support to the Governance in Central America	20 October 1995	5 years	Spain	11 000 000	Central American subregion	This trust fund was established for the following purposes: (a) reform of the Judicial Power and the National Security Forces; (b) governmental decentralization; (c) tax reform; (d) modernization of educational systems; and (e) professionalization of the public sector.

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
UNDP Trust Fund for Sustainable Social Development, Peace and Support to Countries in Special Situations	26 October 1995	Open	Various		Various	This trust fund was established to mobilize additional resources needed to enhance UNDP programme activities related to sustainable social development, peace and support to countries in special situations, as part of the implementation of the World Summit on Social Development's Plan of Action. It will cover development-oriented cooperation activities in countries committed to the Copenhagen Declaration, with special reference to those in special situations, including societies in crisis, in transition, or emerging from civil war.
UNDP Trust Fund for World Summit on Social Development	3 November 1995	2 years	Denmark Netherlands	1 000 000 1 000 000	Various	This trust fund was established for the formulation or strengthening of national poverty eradication plans/strategies, including time-bound goals and targets for the substantial reduction of overall poverty and the eradication of poverty. In the context of national plans, particular attention will be given to employment creation as a means of eradicating poverty, giving appropriate consideration to health and education, assigning higher priority to basic social services, generating household income and promoting access to productive assets and economic opportunity, especially for women.
UNDP Trust Fund for Angola	6 November 1995	Open	United Kingdom New Zealand NGOs	395 425 133 333 50 000	Angola	This trust fund was established to provide assistance to the Government of Angola at both the national and provincial levels in the following areas: (a) rehabilitation of productive capacity; (b) rehabilitation of social sectors; (c) rehabilitation of infrastructure; and (d) institutional capacity-building.

/....

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
Trust Fund with Norway for Support for Governance in Africa	8 December 1995	Open	Norway	10 090 190	Sub-Saharan African countries	This trust fund was established to assist in advancing effective, capable and responsible governance in sub-Saharan Africa.
Efficiency and Effectiveness Enhancing Measures within UNDP	15 December 1995	1 year	Sweden	3 685 846	Global	This trust fund was established to improve UNDP administrative procedures and managerial methods, with a view to enhancing quality and effectiveness of the organization.
UNDP Trust Fund for Support to the Resident Coordinator System	15 December 1995	1 year	Switzerland	2 586 207	Global	This trust fund was established to enable the effective phasing-in of the new support system during a critical period when no other support funds are available and will allow resident coordinators to respond immediately and effectively to requirements for United Nations system collaboration in support of national development objectives and priorities.
Sub-trust funds under the United Nations Capital Development Fund (UNCDF)						
Amenagement et gestion des terroirs de la plaine Seno-Gondo	7 April 1995	5 years	Belgium	3 125 000	Mali	This trust fund was designed to restore the fertility of the land in the Seno Gondo plains, to improve the administration of the sylvo-pastoral resources in the Baye Forest and to improve and valorize the administrative territory of Haut-Sourou.
Wholesale Fruit and Vegetable Market at Al Husainiah	5 July 1995	3 years	Netherlands	575 325	Yemen	This trust fund was intended to strengthen at the national level, the market information system for fruits and vegetables, continuing the previous activities initiated by the United States Agency for International Development and UNDP/Food and Agriculture Organization of the United Nations.

/...

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
Sub-trust funds under the Office to Combat Desertification and Drought (UNSO)						
National Seed Procurement and Tree Improvement Project in Ethiopia	5 September 1995	1 year	Sweden	481 388	Ethiopia	This trust fund was established to enable the country, along with other cooperating countries, to secure and increase the provision of adequate supplies of genetically suitable seed and plant material of good quality from selected and protected seed sources of both indigenous and exotic woody species. By doing so, it is hoped that the project will contribute to increased afforestation and to the establishment of a permanent self-supporting organization capable of meeting the future need for tree seed in Ethiopia. In this regard, the project will seek to establish a mechanism through which seed users will pay (in cash or kind) for seeds and other services received.
Norway Programme of Support to Affected Countries in the Context of the Urgent Action for Africa under the Convention to Combat Desertification (CCD)	12 December 1995	2 years	Norway	1 581 091	Interregional Africa	This trust fund was established to: (a) support the launching of the National Action Programme processes to follow up the Convention to Combat Desertification in four countries in Africa; (b) support activities of cross-cutting nature at subregional level, such as exchange of information and experiences: monitoring, evaluation and reporting, through concerned subregional institutions such as Intergovernmental Authority on Drought and Development, South African Development Community, Permanent Inter-State Committee on Drought Control in the Sahel and the Arab Maghreb Union; and (c) support the initial activities leading to establishment of innovative mechanisms for channelling resources to the local level such as National Desertification Funds (NDF) in six selected countries which have indicated interest.

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
			Sub-trust funds under the United Nations Volunteer (UNV) programme			
UNV Programme in Eritrea within the Special Emergency Programme for the Horn of Africa (SEPHA) Appeal 1993 c/	7 July 1993	1 year	Sweden	267 791	Eritrea	This trust fund was established to provide Eritrean expertise to the emerging and rehabilitation projects in Eritrea in accordance with the SEPHA Eritrea 1993 Appeal.
UNV Technical Assistance to the Centre for Human Rights in Cambodia c/	28 October 1994	1 year	Belgium	199 336	Cambodia	This trust fund was established to provide support to the ongoing initiatives being conducted by the United Nations Centre for Human Rights in Cambodia.
Support for Volunteer Contribution to Development	16 February 1995	1 year	Spain	1 500 000	Interregional	This trust fund was established to support UNV Programme in sectors such as human rights, social reinsertion, environment, women, indigenous people, food aid, refugees and repatriation, communication, community and grass-roots development, basic health, logistics and transports.
Inter-Agency Appeal for Rwanda	3 March 1995	1 year	United Kingdom	118 448	Rwanda	This trust fund was established to provide support for relief and rehabilitation programmes of United Nations agencies and other intergovernmental and non-governmental agencies in Rwanda.
White Helmets Initiative	12 March 1995	2 years	Argentina	1 000 000	Global	This trust fund was established to provide support and assistance to encourage and expedite delivery of personnel, resources, services and logistical support to help overcome immediate needs in areas of humanitarian relief, rehabilitation and development.
White Helmets Initiative	12 March 1995	1 year	Germany	192 231	Angola	This trust fund was established to provide support to the Humanitarian Assistance Coordination Unit (UCAH) in Angola, especially with regard to the demobilization of combatants at the local level, and in addition, to support the build-up and development of a national Volunteer Sending Capacity.

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
Women and Peace Initiatives in the Philippines	28 March 1995	2 years	Belgium	142 857	Philippines	This trust fund was established to help in the capacity-building of Filipino tribal women as community leaders and peace advocates.
Youth Partners in Development	15 May 1995	1 year	United Nations	158 842	Interregional	This trust fund was established to develop among youth the capacity for peaceful existence and stimulate solidarity in the world community.
Netherlands Facility for UNV Support from Central Europe to Developing Countries	29 November 1995	3 years	Netherlands	1 592 000	Global	This trust fund was established to provide financial support to: (a) permit qualified nationals from Central European countries to be recruited to serve in developing countries, predominantly the least developed countries (LDCs), and (b) to provide the opportunity for the UNV specialists to acquire and take back home a deeper understanding of the needs of developing countries and the valuable role which volunteer contributions can play in the development process.
Support for Human Relief	29 November 1995	1 year	Japan	2 500 000	Global	This trust fund was established to provide technical, logistic and administrative support for activities undertaken by government institutions, United Nations agencies and NGOs within humanitarian assistance peace-keeping and peace-building, post-conflict, disaster rehabilitation and reconstruction, as well as sustainable human development programmes.
Community-Oriented Development Programme Strengthening and Capacity	13 December 1995	2 years	Germany	405 669	Global	This trust fund was established to promote local community-oriented development programmes through the strengthening and capacity-building of development services and community-based groups and NGOs, using participatory approaches to promote self-help.

/...

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
			Sub-trust funds under UNIFEM			
Improving Statistics on Gender Issues c/	5 April 1994	2 1/2 years	Sweden	260 458	India Pakistan Philippines Sri Lanka Thailand Viet Nam	This trust fund was established to improve the availability of statistics on and sensitivity to gender issues in national statistical systems of the programme countries.
African Women for Conflict Resolution and Peace Project (Phase I)	31 August 1995	2 years	Netherlands	631 783	Burundi Rwanda Somalia Sudan	This trust fund was established for promoting a gender-sensitive and gender-inclusive response to conflict resolution and peace in Africa.
			Sub-trust funds under UNDP Energy Account			
International Energy Efficiency Training Programme	14 June 1995	1 year	Resource Development Foundation, New York	32 000	Poland	This trust fund was established to strengthen the capability of Poland to undertake energy programmes through the training of Polish energy managers at United States electric utility companies.
			Sub-trust funds under the Global Environment Facility (GEF)			
UNDP-GEF/John D. & Catherine T. MacArthur Foundation Sub-Trust Fund for the Small Grants Programme c/	24 August 1994	3 years	John D. & Catherine T. MacArthur Foundation	263 000	Global	This trust fund was established to assist environmental NGOs and community groups in the Eastern Caribbean.
UNDP-GEF/Denmark Sub-Trust Fund for Municipal and Industrial Waste Project in the United Republic of Tanzania	27 February 1995	3 years	Denmark	1 364 845	United Republic of Tanzania	This trust fund was established to provide support in reducing emissions of greenhouse gases in the United Republic of Tanzania, by substituting bioenergy (methane gas and electricity) produced from anaerobic digestion of industrial and municipal waste in the Dar-es-Salaam area for fossil fuels.
Strengthening and Promoting Environmental Funds	2 August 1995	2 years	Charles Stewart Mott Foundation	200 000	Global	This trust fund was established to support activities that promote and strengthen environmental funds including mainly NGO activities endorsed by the Inter-agency Planning Group on Environmental Funds.

/...

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
			Sub-trust funds under "Capacity 21" Trust Fund			
Trust Fund on "Support to Country Capacity for National Forest Action Programme"	6 February 1995	1 year	Sweden Netherlands	2 351 268 567 859	Bhutan Cameroon Guinea Honduras Jamaica Papua New Guinea	This trust fund was established to support country capacity to manage national forest programmes conducted according to the Forest Principles established at the United Nations Conference on Environment and Development. Building on the lessons learned from past experience, it will support the implementation of the Forest Chapter of Agenda 21 and so complement the UNDP "Capacity 21" programme.
			Sub-trust funds under UNDP Trust Fund for Rwanda			
Civic Education and Communication Programme	6 July 1995	Open	Japan	200 000	Rwanda	This trust fund was established to develop a favourable climate and attitude among the Rwandan population for achieving tangible advancement towards national reconciliation and mutual confidence.
Support to the Judiciary Sector	10 August 1995	1 year	United Kingdom Switzerland Finland	522 222 393 356 229 885	Rwanda	This trust fund was established to support the judiciary sector, training of staff in the prison system, and repairs to the key court buildings and public Prosecutor's offices.
Support to the Screening Commissions and to the Prisons	10 August 1995	1 year	Netherlands	2 897 850	Rwanda	This trust fund was established to provide international personnel to implement urgent legal processes arising from the 1994 genocide.
Special Window Resettlement	7 December 1995	1 year	Netherlands	10 000 000	Rwanda	This trust fund was established to support the resettlement of Rwandan refugees and displaced persons.

Trust fund	Date of signature a/	Duration	Contributor	Amount of contribution b/ (US dollars)	Programme country	Description of activities
Sub-trust funds under UNDP Trust Fund for Sustainable Social Development, Peace and Support to Countries in Special Situations						
UNDP/Italy Memorandum of Understanding in Support of Social Development and Peace in Mozambique	26 October 1995	Open	Italy	20 125 786	Mozambique	This trust fund was established to promote local economic development through support to the private sector, by providing credit, technical assistance and training, with particular focus on small- and medium-size businesses in the informal sector and to support health programmes and the improvement of basic social services management, as well as the promotion of basic education.

a/ Unless otherwise indicated, represents the date of signature of trust fund agreement.

b/ Where applicable, the United States dollar equivalent of amounts payable in currencies other than United States dollars has been calculated using the United Nations operational rate of exchange in effect at the time of the establishment of the trust funds, or, if paid in 1995, at the rate in effect on the date of payment.

c/ This sub-trust fund was not included in document DP/1995/50/Add.3.

UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/1996/28/Add.2/Corr.1
23 August 1996

ORIGINAL: ENGLISH

Third regular session 1996
9-13 September 1996, New York
Item 5 of the provisional agenda

UNDP: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

ANNUAL REVIEW OF THE FINANCIAL SITUATION, 1995

Report of the Administrator

Addendum

Trust funds established by the Administrator

Corrigendum

The title of document DP/1996/28/Add.2 should read as above.

Page 1, summary box, paragraph 2

For the existing text substitute

Table 1 contains summary financial information on all trust funds in operation during 1995. There were 104 trust funds in operation during 1995. Aggregate income received during the year for these trust funds amounted to $226,422,540 and total expenditure incurred amounted to $181,226,140.

Page 1, summary box, paragraph 3

The second sentence should read

There were 26 trust funds established by the Administrator in 1995.

96-22688 (E) 050996

Page 10, table 1

After the entry for UNDP Trust Fund for Support to the Resident Coordinator System, insert the following

Trust Fund to Combat Desertification and Drought	Various		890 010		4 613		885 397
The totals should read		418 941 328	324 432 540	187 067 430	181 226 140		306 375 998

Page 14, table 2

After the entry for UNDP Trust Fund for the Evaluation of UNIFEM, insert the following

Trust Fund to Combat Desertification and Drought	10 October 1995	Open	Various	-	Global	This trust fund was established for the following purposes: (a) to provide catalytic support towards innovative provisions of the Convention to Combat Desertification; (b) to provide technical backstopping for the preparation and implementation of national action programmes; (c) to promote cooperation and coordination to develop and implement subregional action programmes; (d) to spearhead the conceptualization of new mechanisms for the implementation of the Convention; (e) to support the establishment of new partnership arrangements at the country level; (f) to formulate and help to implement programmes on key thematic areas and cross-cutting issues; (g) to provide technical training at various levels; and (h) to undertake actions to forge a concerted approach by the concerned United Nations and multilateral organizations in relation to the implementation of the Convention.

Page 16

Replace the existing centred subheading with the following

Sub-trust fund under the Office to Combat Desertification and Drought (UNSO)

Above the entry for Norway Programme of Support to Affected Countries in the Context of the Urgent Action for Africa under the Convention to Combat Desertification (CDD), insert the following centred subheading

Sub-trust fund under the Trust Fund to Combat Desertification and Drought

---

UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/1996/28/Add.3
19 July 1996

ORIGINAL: ENGLISH

Third regular session 1996
9-13 September 1996, New York
Item 9 of the provisional agenda
UNDP

UNDP FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

ANNUAL REVIEW OF THE FINANCIAL SITUATION, 1995

Report of the Administrator

Reserve for Field Accommodation

Addendum

SUMMARY

The present report provides an update of the activities of the Reserve for Field Accommodation following the issuance of a three-year plan in November 1994. Through a series of management actions, UNDP has revised its strategy for the Reserve as originally presented to the Executive Board in the three-year plan. A decision has been taken to retain housing property originally planned for disposal. The expected contributions from the Joint Consultative Group on Policy partners has been rescheduled to 1997. The costs necessary to complete construction projects begun in 1991 have been higher than estimated. The cumulative effect of these changes has been to raise the level of the Reserve for Field Accommodation at the end of 1995 to $46.8 million (net).

The report outlines in detail the management actions taken during 1995 and 1996, the analysis of contributing factors for the existing situation, and a proposal for the revised accounting treatment for the Reserve for Field Accommodation, which is in line with international accounting standards. The review also identified a number of serious managerial weaknesses which have been or are being addressed. The Administrator is rigorously pursuing the situation and has established a separate management oversight committee to deal with the accountability aspects raised by the review.

96-18282 (E) 140896 150896

/...

I. PURPOSE

1. The present report is submitted pursuant to paragraph 4 of Executive Board decision 95/29, in which the Board requested the Administrator to provide an update on the progress of the three-year plan on the utilization of the Reserve for Field Accommodation (the Reserve).

2. In the third regular session 1995, the Assistant Administrator, Bureau for Finance and Administration, noted that, in view of the overcommitment and overexpenditure in the activities of the Reserve, a series of management actions had been initiated to review its operations in depth. Begun in early 1995, these efforts have been rigorously pursued so that, as a result of the accurate information thereby obtained, improvements are being realized in the management and reporting of the Reserve.

3. During the review, serious issues with regard to the three-year plan as well as management control over expenditure have been identified and are being addressed. These issues caused UNDP to reconsider the assumptions upon which the three-year plan was developed, and subsequently decide not to implement the plan. As a result, the level of the Reserve rose as of the end of 1995. The status of the Reserve is presented in section II; the review of the implementation of the three-year plan in section III; the analysis of the control issues and management action in section IV; the corrective actions taken in section V; and the future of the Reserve in section VI. The proposal of the Administrator is contained in section VII, followed by recommendations for Executive Board action.

4. The report reflects the extensive discussions held with the United Nations Board of Auditors, who have also continued the review of the status of the Reserve. The close working relationship with the Board of Auditors has been characterized by openness and sharing of findings. The results identified through the management actions and investigations undertaken by UNDP formed the basis for the analysis by the Auditors. These, in turn, assisted UNDP in taking further management steps.

II. STATUS OF THE RESERVE

5. At its first regular session 1995, the Executive Board considered the three-year plan for the utilization of the Reserve, prepared in November 1994 on the basis of the financial information as at 31 December 1993. The major element of the three-year plan was the expected reduction of the balance of the Reserve from $41.5 million at 31 December 1993 to below $10 million by 31 December 1996, through the disposal of housing and the receipt of contributions from the Joint Consultative Group on Policy (JCGP) partner agencies.

6. The level of the Reserve, however, increased to $46.8 million as at 31 December 1995 in net terms, as shown in table 1. As is more fully explained below, UNDP decided not to dispose of housing assets and now expects contributions from agencies only in 1997. The non-realization of such income, when coupled with costs required to complete ongoing construction, are the reasons for the increase in the level of the Reserve.

Table 1: Reserve balance

(millions of United States dollars)

YEAR	1992	1993	1994	1995
CUMULATIVE DISBURSEMENTS a/	28.2	41.5	42.9	46.8 b/

a/ The cumulative disbursements for 1994 and 1995 are net of operating surplus earned on rented housing accommodation.

b/ 1995 cumulative disbursement does not include $5.6 million for invoices received but not paid at 31 December 1995.

III. REVIEW OF THE IMPLEMENTATION OF THE THREE-YEAR PLAN

7. In the three-year plan, UNDP expected to reduce the balance of the Reserve by implementing five elements: completion of construction and purchase costs; disposal of housing assets by sale to third parties; transfer of a share of office premises to partners of the Joint Consultative Group on Policy (JCGP) upon their contribution to construction of offices; generation of surplus rental income over maintenance costs from retained housing; and elimination of the Housing Appliance Rental Scheme (HARS). As is more fully explained in the following subsections, UNDP has not implemented the key elements of the plan, namely, those actions which would result in receipt of revenues, and in addition, UNDP has faced higher-than-anticipated construction costs.

Construction costs

8. All but one of the four construction projects that were in progress in 1994 have now been completed and are in use. The final project is expected to be handed over to UNDP by the end of the third quarter of 1996. UNDP expended $13.7 million for ongoing construction as well as for the purchase of office premises in Haiti during the biennium 1994-1995 and expects to spend $8.0 million in 1996, inclusive of any outstanding amounts to be paid from 1995. These higher-than-estimated costs were the result of such factors as changes to design specifications after construction had begun to accommodate newly identified needs of UNDP and JCGP partners for office premises and delays in construction and subcontracting, associated with undertaking construction in the particular locations.

Disposal of housing

9. As was reported orally to the Executive Board at its third regular session 1995, an international consulting firm was engaged in June 1995 to undertake an evaluation of UNDP housing properties in Africa in order to assist UNDP to determine whether the disposal of housing units was in the best interests of the organization, as was thought at the time the three-year plan was developed in 1994. The findings of the firm indicate that, by and large, it would be more economically advantageous for UNDP to retain the properties. There is also a continuing need for housing units because of the shortage of commercial housing and because of security reasons. In hindsight, it is clear that initial assumptions on the basis of which the three-year plan was developed were unrealistic in that they did not adequately address the needs for the organization or the full financial implications of various options.

10. UNDP now holds 429 housing units. UNDP sold only 3 housing units in one country during the 1994-1995 biennium. UNDP also transferred 124 housing units back to various Governments and has thereby realized large savings in maintenance costs and better operational management. UNDP continues to look for opportunities to dispose of housing properties when it is economically feasible to do so and security or other factors are adequately addressed through commercial housing.

Rental income

11. By the end of 1996, UNDP will have invested $27.3 million in income-generating housing assets. With the tightening of internal controls, rental income from the housing property will exceed the estimates in the three-year plan. It is to be noted that as at 31 December 1995, there was already a cumulative surplus of $4.2 million in the operations of the housing area (maintenance costs against rental income). This can be more fully understood from the statement of income and expenditure (annex I to the present report). This trend is expected to continue and its effect is discussed in section VI below.

Agency contributions

12. To date, the contributions of the JCGP partner agencies have not materialized to the level expected. The agencies have thus far contributed $3.6 million, and, in June 1995, UNDP sent a progress report to the agencies and requested further payments of $5.2 million. No additional amounts have yet been received. Discussion is ongoing, both at headquarters and country office levels. Three of the other JCGP partner agencies have now established capital funds for premises and they continue to be committed in principle to sharing the costs. The current agreement UNDP has with the agencies is that the agencies' contributions and their fixed share of equity in the common office premises will be based on the amount of estimated space they will occupy and on the final construction costs. To date, the assets in the Reserve have not been reduced by the agency contributions received, since UNDP will not transfer ownership of any part of an asset until the final accounting is made (foreseen for 1997) and remaining payments are received from agencies. Once this is accomplished, the

assets in the Reserve will decrease by the corresponding amount of the contributions.

13. The other activities under the Reserve, namely the elimination of the Housing Appliance Rental Scheme and operational aspects (maintenance and rehabilitation) are proceeding as planned.

IV. ANALYSIS OF THE CONTROL ISSUES AND MANAGEMENT ACTION

14. With a view to improving the management of the Reserve, a new Deputy Director of the Division for Administrative and Information Services (DAIS), who is also a professional accountant, was appointed in the second quarter of 1995 and took charge of supervising the unit responsible for the activities of the Reserve. An initial review of the operations of the unit identified a number of management and internal control issues that needed to be addressed. Actions taken included the suspension of certification authority that had formerly been exercised by the Chief of the Housing Unit and the undertaking of that function by the Director and Deputy Director of DAIS. A new Chief of the Housing Unit, who is also a professional accountant, was appointed to be responsible for the day-to-day management of the Reserve.

15. An international accounting firm was engaged in August 1995 to assist in the detailed examination of all accounts and all related transactions of the Reserve, including an analysis of the accounting treatment so far applied for the Reserve, and, where appropriate, make recommendations for its improvement. As a result of that work, UNDP has decided to apply an accounting treatment that categorizes expenditure and income differently, based on the belief that it is better suited for the activities under the Reserve. The revised accounting treatment is explained in paragraph 22.

16. UNDP also engaged an architectural firm with extensive international experience in February 1996 to provide an independent certification of the construction projects. As of the time of the present report, two countries - Cape Verde and Guinea-Bissau - in which approximately 40 per cent of the total construction costs have been incurred, have been reviewed and UNDP has received confirmation of the appropriateness of the costs incurred for the end product. The review of the remaining countries is expected to be completed by September 1996. As UNDP receives confirmation for each construction site, it will be in a position to make outstanding payments to contractors.

17. In pursuing the management actions, it became evident that there were a number of serious weaknesses in management and internal controls relating to the activities under the Reserve. These include the non-compliance with financial regulations and rules governing the procurement and payment processes. Based on the review undertaken thus far, it has been determined that:

(a) Payments to the prime contractors exceeded the contract amounts that were approved by the Chief Procurement Officer upon recommendation of the Headquarters Contracts Committee. Any changes in the contracts to reflect the higher payments, however, were made without further recourse to the Contracts Committee, which was required by the financial rule. Other contracts involving

sub-activities for construction were also entered into by UNDP without prior submission to the Contracts Committee. As of 31 December 1995, expenditure and claims totalled $47.2 million against originally approved contracts of $27.9 million. The certifications by the independent architect firm referred to in paragraph 16, however, have thus far confirmed the appropriateness of the costs incurred for the end product;

(b) Based on documentation reviewed to date, contracts were entered into with the supervising architect and stipulated either fixed-sum payments or a percentage of estimated construction-cost payments; however, the architect was paid on a percentage of actual construction costs. UNDP is investigating the circumstances under which these apparent changes to the payment modality were made and the justification for them;

(c) There was no system to establish allotments or obligations for activities under the Reserve. Also, there were deficiencies in the discharge of the certifying and approving functions for the Reserve.

V. CORRECTIVE ACTION TAKEN

18. In addition to the management action taken, UNDP has tightened internal financial controls. Procedures have been established to create obligations to cover all disbursements against the Reserve and the certification and approval functions associated with the Reserve have been revised. New operational procedures were put into place, including the introduction of revised accounting treatment for revenue and expenditure, and a temporary freeze was put on outstanding payments for construction and architect services pending clarification of expenditures. Housing suspense accounts, which had been used at the country offices to handle rental income and maintenance expenditure, were closed and replaced with a different system, whereby income is transferred to headquarters accounts and authority issued in the form of allotments to control maintenance expenditure. Tight control is now exercised over housing occupancy rates and rental income owed to UNDP is sought aggressively.

19. The Division for Audit and Management Review is currently investigating certain payments made under the Reserve, and in particular, transactions relating to the supervising architect. The investigation includes a review of actions taken by staff as well as by contracted parties. The review is expected to continue into the last quarter of 1996.

20. The Administrator is committed to taking timely management action against staff who bear responsibility and accountability for the situation, and to this end, he has established a separate management oversight committee to review the circumstances and make recommendations for his decision.

Revision to accounting treatment of the Reserve

21. From the establishment of the Reserve in 1979 until 1994, the accounting for the Reserve was presented as a net statement of expenditure less income. Table 1 presents the net figures for 1994 and 1995 for purposes of comparison. The table also provides the overall picture of the Reserve with regard to the

financing of activities under the specified limit set by the Executive Board. However, it is now recognized that by following this approach, the lack of presentation of gross expenditure and gross income effectively limited the ability of UNDP to monitor expenditure and income patterns necessary to manage the activities under the Reserve, including the development of the three-year plan. In addition, this accounting approach did not properly account for the fixed assets, which, when completed, could generate income on their own.

22. UNDP has revised the accounting treatment of the Reserve to bring it more in line with international accounting standards, recognizing thereby that the Reserve is more in the nature of a capital fund than of a true reserve. This revised treatment consists of full disclosure of investment in assets (purchase and construction costs), accounting for the gross revenues received from rental income of properties, and the more appropriate categorization of rehabilitation expenditure as an asset rather than as an ongoing maintenance expenditure. The foregoing actions provide greater transparency, reflect the activities under the Reserve more accurately, and aid in better management of the Reserve. As explained in paragraph 23 and in annex II, however, this accounting treatment has the effect of elevating the level of the Reserve.

23. One of the main results of the new accounting treatment has been to identify clearly the actual cost of the UNDP investment in housing and office premises assets. Because the assets are now presented in gross terms in the financial statements, rather than as net of income against those assets, there is a nominal increase in the balance of the Reserve. The balance of the Reserve as at 31 December 1995 is $54.8 million, according to the new accounting treatment, as compared to $46.8 million under the old accounting treatment. Annex II presents the complete balance sheet of assets and liabilities under the new accounting presentation.

VI. FUTURE OF THE RESERVE

24. The assets in the Reserve are expected to rise to $62.8 million, in gross terms, by the end of 1996, owing to remaining construction costs that are to be paid. No further housing disposal is foreseen for 1996, and, as indicated earlier, no agency contribution is expected before 1997. In addition, there will remain approximately $2.8 million in outstanding construction loans to Governments. Once all construction is completed, with a further estimated expenditure of $8.0 million in 1996, UNDP forecasts that it will own housing assets of $27.3 million, including capitalized rehabilitation costs of $5.2 million. There are in addition $32.7 million in assets as office premises.

25. The financing of these assets in the Reserve can be understood through a review of the liability side of the balance sheet (annex II). A key element is the movement of the amount "due to UNDP", which is the amount of money by which the Reserve has exceeded the $25 million authorized level, and, in effect, borrowed from UNDP, since 1992, to finance the construction of the assets. The amount of overexpenditure in the Reserve is the amount due to UNDP, and not the amount of the assets in the Reserve. All surplus of income for housing over maintenance costs reduces the amount due to UNDP.

26. With the assistance of the international accounting firm, UNDP is preparing forecasts of the likely future financial position of the Reserve for the next five years. UNDP considers that the forecast amount of cumulative borrowing from UNDP of $27.5 million in 1996 will be the peak borrowing by the Reserve. Based on the analysis of the international accounting firm, it is anticipated that the amount due to UNDP will decline to $12.2 million by the year 2000, principally from the surplus of rental income as against maintenance costs. In this respect, UNDP anticipates the annual operating surplus to range from $2.0 to $3.8 million. This scenario does not take into account the disposal of assets or receipt of agency contributions. Agency reimbursement and disposal of any of the housing assets will result in a further decline in the amount due to UNDP. As indicated in paragraph 11, UNDP expects the agencies to contribute at least an additional $5.2 million. As indicated in paragraph 9, UNDP is committed to the disposal of housing properties when appropriate and feasible. If and when these combined actions unfold, along with other possible scenarios explained below, they will reduce the balance of the Reserve to under $25 million.

VII. PROPOSAL

27. Realizing the difficulties associated with having many varied activities under one reserve account, and recognizing the benefits from having the housing activities under the Reserve account, thereby facilitating both the management of assets and the management of income and expenditure associated with the assets, the Administrator recommends that the Executive Board consider the following proposal:

(a) Include only housing operations under the Reserve:

No further construction of housing is anticipated. Future expenditure will relate only to the rehabilitation and maintenance of residences. Rental income will more than offset these costs. UNDP will maintain its disposal policy;

(b) Transfer the assets relating to office premises from the Reserve and place them directly on the UNDP Statement of Assets and Liabilities:

UNDP would prefer to segregate from the Reserve the current assets in offices. Furthermore, UNDP would amortize them against the administrative budget over time. UNDP office accommodations, and in particular those shared with JCGP partners, will require special attention, as there will be ongoing decision-making about the need for other such premises in the future. This is an area of growth.

28. The Executive Board will recall that the Reserve, which was established in 1979 at a level of $25 million, was intended for housing only. With the identified need for office accommodation, the use of the Reserve was extended in 1989 for common premises with JCGP partners, but without increasing the level of the Reserve. The Governing Council authorized an overprogramming up to $35 million in 1991. Thus, the proposal in paragraph 27 is in line with the original intent and purpose of a reserve for field accommodation.

29. The Administrator recommends that the Executive Board consider at its first regular session 1997 a detailed proposal for the revised scenario for housing and office premises. This would include projections of the level of the Reserve (housing) and the scenario for office premises under the JCGP, a plan for housing retention or disposal, and projections of agency contribution. In the interim, the Administrator requests the Board to approve the level of the Reserve at $62.8 million, under the new accounting treatment, as at 31 December 1996.

VIII. CONCLUSION

30. UNDP was authorized to utilize the Reserve for office accommodation if and when no other options were available. The Administrator confirms that construction was undertaken in countries with such exceptional circumstances, i.e. least developed countries where either the Government or the private sector did not offer any alternative. By implication, this also meant that construction was carried out in situations where the local infrastructure and support system for building activities was very limited and in many respects non-existent. Construction specialists consulted since have confirmed that the prevailing circumstances posed enormous challenges, and have acknowledged that it is a remarkable achievement that UNDP completed these premises with commensurate quality for the funds expended. Hence, while lapses in the management process occurred, thus far there is evidence that the original purpose for these construction activities was addressed, and UNDP obtained assets that will greatly facilitate its operations in those countries. The ongoing investigation will address the accountability aspects of the activities under the Reserve. Equally important, the results of the investigation will provide lessons learned, and the information will assist UNDP in limiting the scope and extent of future construction work, and enable the timely cooperation with partner organizations. The Administrator is convinced that with the corrective management actions initiated, a recurrence of similar problems will be avoided.

31. The Board of Auditors has welcomed the actions taken by UNDP management over the course of 1995 and 1996 to identify and remedy the situation. The Board has indicated to the Administrator that such support will be reflected in its report for the biennium 1994-1995, which will be submitted to the General Assembly at its fifty-first session, and later to the Executive Board.

IX. EXECUTIVE BOARD ACTION

32. The Executive Board may wish to:

1. Note with continued concern the overcommitment and overexpenditure against the Reserve for Field Accommodation;

2. Note with concern the serious management and control issues identified by UNDP in its review of the Reserve for Field Accommodation;

3. Support the management action taken thus far;

4. Note the revised accounting treatment for the Reserve for Field Accommodation;

5. Approve, in principle, the proposal put forward by the Administrator that the activities under the Reserve for Field Accommodation cover housing premises only and that office premises be handled separately, and to this end, request the Administrator to proceed on such basis and report thereon to the Executive Board at its first session 1997;

6. Approve, as an interim measure and until the Executive Board approves a final proposal from the Administrator on the future of the Reserve as indicated in paragraph 5 of the decision, that the level of the Reserve for Field Accommodation be set at $62.8 million in gross terms by the end of 1996;

7. Request the Administrator to report to the Executive Board on the findings and actions taken with respect to the accountability issues relating to the Reserve for Field Accommodation at the first regular session 1997.

Annex I

UNITED NATIONS DEVELOPMENT PROGRAMME

RESERVE FOR FIELD ACCOMMODATION

Statement of income and expenditure for the years ended 31 December 1994 and 31 December 1995

	1994 $	1995 $
Income		
Rental income	4 867 149	4 269 250
Expenditure		
Repairs and maintenance	3 101 387	2 550 903
Other expenditure	0	95 172
Total expenditure	3 101 387	2 646 075
Excess of income over expenditure	1 765 762	1 623 175
Operating surplus - Beginning of year	825 302	2 591 064
Operating surplus - End of year	2 591 064	4 214 239

Annex II

UNITED NATIONS DEVELOPMENT PROGRAMME

RESERVE FOR FIELD ACCOMMODATION

Balance sheets as at 31 December 1994 and 31 December 1995

	1994	1995
	$	$
Assets		
Properties (housing and offices)	40 509 126	46 452 932
Capitalized rehabilitation	5 177 218	5 177 218
Household Appliance Rental Scheme	370 559	333 285
Construction loans to Government	3 113 063	2 798 417
Total assets	49 169 966	54 761 852
Liabilities		
Accounts payable	0	107 190
Agency reimbursements for construction	3 650 600	3 650 600
Due to UNDP	17 928 302	21 789 823
Total liabilities	21 578 902	25 547 613
Balance		
Authorized reserve	25 000 000	25 000 000
Operating surplus	2 591 064	4 214 239
	27 591 064	29 214 239
Total liabilities and fund balance	49 169 966	54 761 852

UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/1996/28/Add.4
18 July 1996

ORIGINAL: ENGLISH

Third regular session 1996
9-13 September 1996, New York
Item 5 of the provisional agenda

UNDP: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

ANNUAL REVIEW OF THE FINANCIAL SITUATION, 1995

Report of the Administrator

Addendum

Proposed amendments to the UNDP Financial Regulations and Rules

SUMMARY

In the present addendum, the Administrator proposes amendments to the Financial Regulations, in order to enhance the coordination and mobilization of resources by UNDP from non-governmental sources, as well as to enable UNDP to operate a viable micro-capital grant programme in furtherance of its mission and goals.

Chapter IV of the present document contains a recommendation for Executive Board action.

96-18288 (E) 130896

/...

I. PURPOSE

1. As part of the continual review by UNDP of its Financial Regulations and Rules, the Administrator proposes that amendments be introduced to the Financial Regulations in order to enhance the coordination and mobilization of resources by UNDP from non-governmental sources, as well as to enable UNDP to operate a viable micro-capital grant programme in furtherance of its mission and goals. These changes are a first and temporary measure, to be followed by a complete revision of the UNDP Financial Regulations and Rules to be presented to the Executive Board in 1997.

II. RESOURCE MOBILIZATION FROM NON-GOVERNMENTAL SOURCES

2. The legal basis for the acceptance by UNDP of donations from non-governmental sources can be traced to the mandate provided to the predecessor of UNDP, the Special Fund. The Special Fund was established by the General Assembly to provide new administrative and operational machinery to spearhead the enlargement of the scope of United Nations technical assistance and, in particular, to "... facilitate new capital investments of all types - private and public, national and international - by creating conditions which would make such investments either feasible for more effective" (General Assembly resolution 1219 (XII) on the financing of economic development, dated 14 December 1957). The Special Fund was further authorized in 1958 to specifically receive donations from non-governmental sources (General Assembly resolution 1240 (XIII) of 14 October 1958). When UNDP was formed in 1965, the General Assembly stipulated that the special characteristics of the Special Fund were to be maintained (General Assembly resolution 2029 (XX) of 22 November 1965).

3. On the basis of the legislative authority granted by the General Assembly, provisions for the receipt of donations from non-governmental sources were included in UNDP Financial Regulations 4.14 through 4.16. Regulation 4.14 permits receipt of donations for purposes consistent with those of UNDP. Regulation 4.15 permits donations of cash to be used for general purposes, or specific purposes, through the cost-sharing or trust fund modalities. Regulation 4.16 requires that donations of a value in excess of $25,000 shall be accepted only with the prior approval of the Executive Board.

4. UNDP has broadened its resource mobilization strategy to encompass the greater involvement of non-governmental sources with UNDP and its activities. To effectively and efficiently mobilize such resources, a revision to the Financial Regulations is required. Given the rapid pace at which funding from non-governmental sources occurs the current requirement for prior approval of the Executive Board for donations of a value in excess of $25,000 is not practical; nor is there any real need to involve the Executive Board in prior review and approval, when regular reporting provides an adequate basis for monitoring. The need for a rapid response is especially necessary when the time-frame for programme activities dependent upon a potential donation would not permit the matter to be approved at a regular session of the Executive Board. The Executive Board will recall that in June 1996 UNDP issued, by means

of a note verbale, a request for approval by the Executive Board for UNDP to receive an in-kind donation valued at approximately $1 million for the UNDP Sustainable Development Networking Programme.

5. A comparative review by UNDP has identified that the United Nations Population Fund is required to obtain prior approval of the Executive Board for donations in excess of $100,000. The United Nations Children's Fund, however, operates without a requirement for prior approval, but does require annual reporting. The Administrator believes that for reasons of administrative costs associated with receipt of such donations, UNDP would generally seek donations from non-governmental sources in excess of $100,000. For this reason as well as for the reasons stated in paragraph 3 above, UNDP does not consider a financial level for prior Executive Board approval to be practical or necessary.

6. Lessons learned from the successes in private sector fund-raising for special events to celebrate the fiftieth anniversary of the United Nations are being applied by UNDP in the development of guidelines for the receipt of donations from non-governmental sources. UNDP is putting in place all the necessary elements to ensure that:

(a) UNDP associates only with non-governmental sources that are apolitical and support the aims and objectives of the programme;

(b) UNDP has a system of checks and balances to ensure that sources of funding are appropriate for the activities to be funded, particularly with regard to funding sources in the private sector;

(c) The resources mobilized do not jeopardize the universal character of UNDP activities;

(d) Once received, donations will be managed by UNDP, in accordance with the Financial Regulations and Rules governing the programming of UNDP resources.

7. In order to achieve the above-mentioned objectives, the Administrator proposes that the Executive Board approve changes to the Financial Regulations which eliminate the definition of "donation" and expand the definition of "contribution" to encompass cash and in-kind assistance from non-governmental sources. Such changes would serve to simplify operational regulations and rules for programming resources. In addition, the Administrator proposes to eliminate the requirement for prior approval of the Executive Board and replace it with a full annual reporting requirement to provide the Board with sufficient information for it to assess the amounts and impact of non-governmental contributions on the programme.

8. Upon the foregoing, the Administrator proposes the following textual changes:

(Note: deletions are in brackets [ ] and insertions are <u>underlined</u>.)

Regulation 2.2 C (iii)

"contribution" shall mean cash or in-kind assistance provided by a Government, by a governmental or intergovernmental institution or agency not part of the United Nations system, or by non-governmental sources, including civil society organizations and entities from the private sector, as well as from individuals. Contributions cover programme costs as well as programme support and administrative services, including costs associated with the administration of contributions received for special purposes;

Financial Regulations 2.2 C (iii)-(vi) are consequently renumbered.

Regulation 4.11

Contributions other than those indicated in Financial Regulation 4.1 may be accepted by the Administrator and utilized for the general support of UNDP or for specific purposes consistent with those of UNDP.

Regulation 4.12

Where the purpose of the contribution is the general support of UNDP and no limitations are imposed by the contributor as to its use, the monies or in-kind provisions received shall be credited to the UNDP Account, as defined in Regulation 2.2 U (i). Contributions proposed for specific purposes shall be treated under the provisions for cost-sharing of Article IV, under the provisions for trust funds of Article V, or as extrabudgetary income to be allocated by UNDP under the provisions for the biennial budget of Article IX, as appropriate.

Regulation 4.13

The Administrator shall report annually to the Executive Board on contributions received from non-governmental sources.

Current Regulations 4.11-4.13 are to be renumbered as 4.14-4.16.

Current Regulations 4.14-4.16 are to be deleted.

Regulation 5.3

"Contributions [or donations], other than those identified under Article IV, which are accepted for purposes specified by a donor shall be treated as trust funds".

Delete Financial Rule 105.6.

III. MICRO-CAPITAL GRANTS

9. In its decision 90/15 of 22 June 1990, the Governing Council authorized the use of programme resources by UNDP for micro-capital assistance. In its decision 94/28 of 10 October 1994, the Executive Board approved inclusion of the micro-capital grant in the UNDP Financial Regulations. Financial Regulation 2.2 M (i) limits any one grant to $50,000.

10. The Administrator requests a revision of Financial Regulation 2.2 M (i) to allow for a maximum of $150,000 per grant. This change will enable UNDP to develop a viable programme to support micro-credit activities, and in particular, start-up programmes with a range of institutions able to reach the poor.

11. In the six years since the Governing Council endorsed the concept of micro-capital grants, experience has demonstrated that a $50,000 grant is not large enough to initiate effective micro-credit activities. Consequently, UNDP has invested little in this activity thus far. Micro-credit activities continue to gain in importance as an effective tool for poverty reduction and UNDP is uniquely placed by its mandate, global country office network and access to international expertise to play a significant role in its implementation. The micro-capital grant is the principal modality in UNDP for supporting credit activities, and in consultations with donors and practitioners, UNDP has been encouraged to increase the limit to the proposed level.

12. Upon the foregoing, the Administrator proposes the following textual change:

(Note: deletions are in brackets [ ] and additions are underlined.)

Regulation 2.2 M (i)

"Micro-capital grant shall mean the financial assistance provided to an intermediary [,] which includes non-governmental or grass-roots organizations, in an amount not exceeding [$50,000] $150,000 for each individual grant."

IV. EXECUTIVE BOARD ACTION

13. The Executive Board may wish to:

1. Note the intention of the Administrator to expand the resource base for programmable activities by seeking more aggressively resources from non-governmental sources;

2. Approve the changes to the Financial Regulations as proposed in paragraph 8 of addendum 4 of the report of the Administrator on the annual review of the financial situation, 1995 (DP/1996/28/Add.4);

3. Requests the Administrator to keep the Executive Board apprised of the status of the resource mobilization initiative from non-governmental sources;

4. Approve the changes to Financial Regulation 2.2 M (i), as proposed in paragraph 12 of addendum 4 of the report of the Administrator on the annual review of the financial situation, 1995 (DP/1996/28/Add.4).